

New Medicare Benefits and Choices Fact Sheet June 16, 2005

The Medicare prescription drug benefit is a landmark achievement in the 40-year history of Medicare. It will help bring the benefits of modern, prevention-oriented medicine to Medicare beneficiaries – to help them live longer, healthier lives.

The President is calling on all Americans to join in a nationwide effort to help educate and enroll seniors in this new benefit. He has asked all departments and agencies of the federal government, which touch the lives of seniors and disabled persons, to help inform them about this new benefit.

The outreach effort will also include partnering with State and local governments, community and faith-based groups, employers and unions, doctors, pharmacists, caregivers, and countless other organizations that reach seniors. Families and friends can also help. One-on-one counseling is the best way to make sure that every person with Medicare understands how the new prescription drug benefit can help them.

New Benefits

After 40 years of providing dependable coverage for doctor visits, hospital stays and surgery, Medicare will now offer dependable drug coverage that can help them stay healthy. In addition, new preventive benefits – a “Welcome to Medicare” physical and screenings for diabetes and heart disease – are now available.

Seniors will need to make a decision soon about signing up for Medicare’s new prescription drug coverage – and we are launching a nationwide outreach effort to help them to make an informed decision. Enrollment begins November 15, 2005. Coverage begins January 1, 2006.

Beneficiaries and their families can also get information about the new benefits and local resources by calling 1-800-MEDICARE or visiting the web site: www.medicare.gov. Information is also being sent directly to their homes. A low-income subsidy application has already been sent to those with limited incomes, and the *Medicare & You* Handbook will go out to all Medicare beneficiaries in October.

Background

Beginning January 1, 2006, prescription drug coverage will be available to all Americans with Medicare. Every person with Medicare – no matter how they get their health care today or whether they have existing drug coverage – will be eligible for drug coverage under a Medicare prescription drug plan. The drug plans will be available in all parts of the country, and they will cover brand name and generic drugs. Prescriptions can be obtained from neighborhood pharmacies and through mail order.

All Medicare beneficiaries will have a choice of plans, so they can get the coverage that best meets their needs. A typical beneficiary who is paying for drugs on his or her own today will receive help worth about \$1,300, because the coverage will pay for part of their prescription drug costs after a deductible. All beneficiaries will also get peace of mind against catastrophic drug costs, because Medicare will pay about 95 percent of the cost of prescriptions after a beneficiary's out-of-pocket expenses reach \$3,600 a year. Beneficiaries will pay a monthly premium that has been expected to average about \$37 in 2006. Medicare will also help pay for high-quality retiree drug coverage provided by employers and unions. Drug coverage will also be available through Medicare Advantage health plans, which typically offer extra coverage with lower costs.

People with limited incomes – almost one-third of all Medicare beneficiaries – will get extra help. The extra help will pay for about 85 percent or more – in most cases 95 percent or more – of prescription drug costs. More than six million beneficiaries, who already meet the test for extra help, will be automatically enrolled in a prescription drug plan. Others who may meet that test are being mailed applications, and they can qualify for the extra help by filling it out.

Key Dates

May 2005

- Social Security Administration (SSA) began mailing and accepting applications for those who may qualify for the low-income subsidy. Beneficiaries will start learning in July whether they qualify for this extra help.

September 2005

- Medigap (supplemental) insurance companies send notices to policyholders with drug coverage informing them of their options.
- Employers/unions who provide prescription drug coverage to their retirees will directly notify them about their prescription drug coverage choices.

October 2005

- Comparative information about Medicare prescription drug plans will be available at www.medicare.gov, 1-800-MEDICARE or through state health insurance assistance programs and other local organizations.
- Medicare Advantage plans notify plan enrollees about enhanced drug plan coverage options.
- People with Medicare and Medicaid will get information about how they will be automatically enrolled in a plan if they do not choose one on their own.

November 2005

- Enrollment for Medicare prescription drug plans begins November 15.

January 2006

- Medicare prescription drug coverage begins January 1 for those who enrolled in a plan by December 31, 2005.

Targeted Outreach Effort

Right now, the Medicare outreach effort is focusing on making sure people with Medicare know about the drug coverage options that they will have next year, and on helping people with limited incomes enroll in Medicare's comprehensive extra help. In the fall, people with Medicare and their family members and caregivers will get additional information and help so that they can make a confident decision about the Medicare drug coverage. This includes information and assistance that is targeted to each Medicare beneficiary, so that they know about the features of Medicare drug coverage that apply to their own situation:

- People with Medicare Advantage: You will get more drug coverage through your Medicare Advantage health plan, with additional benefits that lower your costs. This fall, you will get more information from your plan about your coverage options.
- People with Retiree Coverage: Medicare can help pay for drug coverage from your former employer or union if it meets Medicare's standards. This fall, your retiree benefit program will let you know what decisions you need to make.
- People with Medicaid Drug Coverage: You will automatically get comprehensive drug coverage from Medicare. This fall, you will get help in signing up for a Medicare drug plan. To make sure you don't miss a day of coverage, Medicare will enroll you in a plan on January 1 if you don't choose on your own.
- Other People with Limited Incomes: Sign up as soon as possible for extra help from Medicare that will cover 85 to 100 percent of your drug costs, depending on your income and financial resources. This fall, you will get help in signing up for a Medicare drug plan. To make sure you get comprehensive coverage, Medicare will enroll you in a plan next year if you don't choose one on your own.
- Other People with Medicare: You need to make a decision about Medicare drug coverage, to get help with your drug costs and peace of mind from coverage that never runs out. You can save if you sign up on time, by May 15, 2006. This fall, you will get specific information on the drug plans, and help will be available to choose a plan.

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